



ORIGINAL
Anthem Country Club Community Association
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Arizona Corporation Commission

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To: Chairwoman Mayes
Commissioners Kennedy, Newman, Pierce, Stump

ARIZONA CORPORATION COMMISSION
DOCKET CONTROL

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Re: Docket W-01303A-09-0343, SW-01303A-09-0343

On behalf of the Anthem Country Club Community Association, I am writing with grave concern that the Commission's stance and the stance of the RUDC Commission are more favorable to the Arizona American Water Company (AAWC) than to the thousands of homeowners in Anthem. I am greatly dismayed by what appears to be favorable views toward arguments that will significantly increase the water rates in Anthem. Let me outline the horrendous impact the proposed rate increases of 77% or \$113.21 will have on our community. Please bear in mind we are already paying an average of \$55 a month over the average of 30 water districts in the greater Phoenix metro area.

First and foremost is the impact on over 10,000 homeowners' monthly budgets. In the Anthem Country Club Community Association an increase of 77% will raise individual homeowner bills by \$75-\$125 per month. Even the most conscientious homeowner, who carefully monitors water and currently pays \$95, will end up paying \$168 a month with such an increase. But it doesn't stop there.

Second, as a result of increased costs incurred by their homeowners' association to maintain the areas developed in their neighborhoods by Del Webb, there will be an increase in the homeowners' HOA dues. Maintaining community common areas and community trees and landscape is an expensive obligation of the HOAs in Anthem. Even after careful water conservation and monitoring over the past two years, a rate increase of 75% will force the Country Club HOA to raise its dues to homeowners.

Third, watering of community-wide properties include water parks, swimming pools, catch and release ponds, as well as baseball, soccer and volleyball fields. These amenities fall under the Anthem Community Council, to which each homeowners pays quarterly dues. The Anthem amenities built by Del Webb as the central selling feature to our community all require enormous amounts of water, despite our vigilant management of every water meter on the properties and the use of effluent water. The amenities are necessary for quality of life and the protection of our investment in home ownership. A rate increase of 77% will force the Anthem Community Council to raise its dues to homeowners, thus a third increase in homeowner costs.

Fourth, those homeowners who live in the Anthem Country Club will be given yet another rate increase from the Anthem Golf and Country Club to cover the water rate increase that affects the maintenance of the golf courses, fitness centers and dining rooms. Additionally, costs will be passed to those Arizona companies and Valley homeowners who rent the Anthem Golf & Country Club facilities for their corporate and private events. Now the rate increase will affect financially those outside our immediate community.

The four levels of significant increased costs requested by AAWC will most likely total \$100 to \$115 per month, per homeowner in the Anthem community. And this is on top of our current costs which are on average \$55 more than average in the greater Phoenix Metro area. This is a huge amount of money to be absorbed by the large number of retirees in our community, as well as for young working families, many of whom have seen one or more of their household incomes reduced or eliminated due to the current economic situation.

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But the financial impact does not stop there. We have a large number of churches relying on parishioners for donations to support community activities such as food banks, medical support, clothing and substance abuse counseling. The potential increased water costs to homeowners will negatively impact these donations at a time of critical need. Fund raising activities by our local high school clubs such as band, theater, soccer, glee club will be affected as homeowners will not be able to afford to support these worthy youth activities. Our local service clubs, such as Rotary, Kiwanis, VFW, Knights of Columbus and our local fire department also will struggle to raise funds for community service projects. Even our North Valley Posse, who received Council funding to protect the security of our homeowners will be affected. We have businesses, already near the brink of financial foreclosure, which will be forced to close.

In summary the proposed water rate increase will have a devastating impact on our community - 10,000 homeowners with nearly 40,000 residents forced to bear an outrageously high cost burdens due to grossly flawed infrastructure funding.

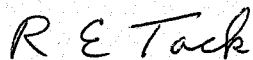
Which brings me to my final comment: infrastructure repayment. The grossly unfair attempt by the water company to retrieve the upfront infrastructure costs over a very short and limited period of time is unconscionable. As you are undoubtedly aware, the original developer Del Webb/Pulte made arrangements with Citizens Water to build the infrastructure required to deliver water to the Anthem development. An integral part of this arrangement was for Del Webb/Pulte to provide the necessary upfront funds to Citizens Water in the form of a loan which was to be paid back over a very short number years, commencing with the build-out of the community. Citizens later was subsequently acquired by American Water Corporation as a subsidiary and was named Arizona American Water Corporation (AAWC).

As you also know, American Water is the largest publicly traded water Corporation in the United States and is very profitable, currently paying dividends. Rather than securing a long-term bond backed by the infrastructure, AAWC choose to assume the very early repayment schedule originally made between Del Webb/Pulte and Citizen Water. It appears that efforts are being made to establish a horrendous rate increase so that Arizona American Water Corporation can make the early payback of these funds, rather than utilize the nationally accepted standard of financing water infrastructure over a 35 or 40 year time frame.

If the huge increase is granted, the residents of Anthem will be stuck with totally unreasonable water costs far into the future and well after the upfront funding has been repaid. We have no confidence that your successors on the Commission will ever insist that once that money has been repaid, our rates would be lowered. The Commission must stand tall and insist that the Arizona American Water Corporation, seek long-term financing for the repayment of the purchase costs.

This Commission has the authority to correct grievously-erred decisions of past Commissions who neglected to fully understand the financing of the water infrastructure. This Commission should direct Arizona American Water Company to obtain appropriate and industry-established normal long-term funding and consider only such long term funding in establishing rates for our water over the proposed short- term financing. We seek **fair and reasonable** rates which is a fundamental principal of your commission and not the outrageous rates being requested.

Respectfully submitted,



Robert E. Tack

President,

Anthem Country Club Community Association